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INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
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RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 6171
RUEHBJ/AMEMBASSY BEIJING 3854
RUEHKO/AMEMBASSY TOKYO 3713
RUEHIT/AMCONSUL ISTANBUL 4415
RHEHNSC/NSC WASHDC
RHMCSUU/CDR USCENTCOM MACDILL AFB FL
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RUEKJCS/JOINT STAFF WASHDC
RUEKJCS/SECDEF WASHINGTON DC
RUEHVEN/USMISSION USOSCE 4338
RUCNDT/USMISSION USUN NEW YORK 1442
RUCPDOG/DEPT OF COMMERCE WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RUEATRS/DEPT OF TREASURY WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 000126

SIPDIS

STATE FOR SCA/CEN; ANKARA FOR AGRICULTURAL COUNSELOR;
COMMERCE FOR DSTARKS/EHOUSE

E.O. 12958: DECL: 01/26/2020

TAGS: [EAGR](#) [ETRD](#) [BTIO](#) [PGOV](#) [PREL](#) [SENV](#) [TX](#)

SUBJECT: TURKMENISTAN: US AGRIBUSINESS PROPOSALS NEED HELP
TO GET A HEARING

REF: A. 09 ASHGABAT 1532

[1](#)B. ASHGABAT 72

Classified By: Charge d'Affaires Sylvia Reed Curran. Reasons 1.4 (B) and (D).

[1](#)1. (C) A company representative for several U.S. companies met with Poloff on January 21 to discuss a test project on irrigation systems in which he is participating. This businessman represents the U.S. company Valmont that produces center pivot irrigation systems, among other structures. Valmont will be competing with other companies, including U.S. company Bauer, in a Ministry of Agriculture organized test of various irrigation systems. The test will take place over two years at one location near Ashgabat. The company representative added that ordinarily his company does not like to give equipment away for free, but in this case it is one of the few ways to make inroads with the Turkmen Government. He said that Valmont participated in the agricultural exhibition in November (Ref A) for the same reason: just having the equipment that the government wants is not enough to win a contract in Turkmenistan.

[1](#)2. (C) The businessman explained that the center pivot systems are the best for the soil conditions in Turkmenistan (Ref B). Flood irrigation systems, which are very common here, raise the water table because they drench the soil, and consequently bring the salt that is in the water up to the roots of the plants. He said that in Dashoguz province he saw a field where the salt was so thick in the soil that it looked like snow. By contrast, center pivot systems spray the plants from above and use less water, which will actually lower the water table and draw the salt away from the roots of the plants. The company representative explained that the height of center pivot systems can be adjusted, so that they are not very far from the tops of the plants. Thus, the big advantages of the center pivot systems, according to him, are conservation of water and, for cotton, increased quality of the plants.

¶3. (C) In addition to representing Valmont, this businessman represents several IT companies, including Cisco. He said that when he first arrived in Turkmenistan about two years ago, he had tried to focus on Internet technology because he understood that it was a government priority. He proposed wireless systems to the Turkmen Government for connecting the remote villages and provinces, which he said would be cheaper than running cable throughout the whole country. However, the government did not accept his proposal. In addition, he submitted another proposal for using wireless technology to the Central Bank, which would have been part of a project to install ATMs in Central Bank branches. However, the Central Bank told the company representative that they would not be able to get a broadcast license from the Ministry of Communications, so they would not be able to use the technology he was proposing. Instead, they chose technology that he said would be obsolete in five years.

¶4. (C) The businessman was clear that he viewed Turkmenistan as a very difficult market, in particular, for U.S. companies that cannot pay the usual bribes to grease wheels for contracts. He compared the business environment unfavorably to Azerbaijan, where he had worked previously, because in his opinion there was a system for doing business in Azerbaijan, even though it was corrupt and controlled by what was essentially a mafia. In Turkmenistan, he said, there is no system. Everything depends on contacts.

¶5. (C) COMMENT: This businessman's frustration is echoed by many foreign companies, both U.S. companies and others.

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Turkmenistan's business environment is opaque and contacts are the most common way to gain entree. This company representative's previous attempts to win contracts on the merits of the technology, without having laid any of the groundwork, led nowhere. He realized that one way to develop contacts and the support of government officials is to participate in government-sponsored events. His experience illustrates both the learning curve and the persistence that are needed in order to break into the Turkmen market. END
COMMENT
CURRAN